



PRESS RELEASE

ROSINTER RESTAURANTS HOLDING PJSC ANNOUNCES 2020 RESULTS UNDER IFRS

Moscow, 30 April 2021: Rosinter Restaurants Holding PJSC (Rosinter, Rosinter Restaurants, the Company), one of the largest operators in the casual dining segment in Russia (Moscow Exchange MICEX-RTS: stock ticker ROST) announces its 2020 operating and financial performance in accordance with the International Financial Reporting Standards. These statements have been confirmed by the Company's auditor and prepared in accordance with IFRS 16 «Lease».

KEY FINANCIAL AND OPERATING RESULTS

- Consolidated revenue^[1] of Rosinter Restaurants Holding PJSC in 2020 amounted to RUB 3,928 million, which is 49 percent lower than in 2019. The decrease in revenue was caused by the restrictive measures imposed by the Government to prevent spread of COVID-19. Revenue growth in 2H 2020 by 24.7% compared to 1H 2020 was due to the impact of sales-boosting measures and the market recovery in Q3 after the first wave of COVID-19 pandemic.
- EBITDA before impairment and write-offs^[2] amounted to RUB 2,108 million in 2020. The application of the IFRS 16 "Lease" had an effect on EBITDA before impairment and write-offs. Adjusted^[3] to IAS 17 EBITDA before impairment and write-offs amounted RUB 0.3 million. EBITDA before impairment and write-offs amounted to RUB 110.5 million in 2H 2020 compared to negative RUB 110.2 million in 1H 2020 due to the closure of restaurants during the pandemic.
- Net loss amounted to RUB 1,835 million in 2020. Additional loss was due to the fact that the consolidated revenue dropped by half due to the restrictive measures imposed by the Government to prevent the spread of COVID-19. Adjusted to IAS 17, net loss amounted to RUB 1,106 million in 2020 compared to net loss of RUB 453 million in 2019.
- Lease expenses decreased by RUB 1,101 million in 2020 compared to 2019 (the figure is calculated without the effect of IFRS 16 on the operating lease). This decrease was the result of effective negotiations with landlords, which led to receiving discounts on rental rates revising some restaurants' rental rates to a percentage of turnover.
- Cost of food and beverages decreased by 1.6% as a percentage of the revenue (or by RUB 833.2 million) compared to 2019 as a result of reengineering the menu and adapting it to the consumer. The Company substantially revised the recipes, and changed the price offers to adapt to the decrease in purchasing power of people.

Margarita Kosteyeva, President of Rosinter Restaurants Holding PJSC, says:

"Despite the fact that the restaurant industry was recognized as one of the most affected by the spread of COVID-19 in 2020, Rosinter was able to quickly readjust by adapting its financial model, management tools, and restaurant brand concepts to the economic volatility of 2020 and to quite successfully cope with the global crisis of the pandemic year.

The sharp decrease in guest traffic that began in March, the lockdown closures of restaurants in April-June, and severe restrictions imposed during the second wave of the pandemic led to a 49% decrease in revenue in 2020 compared to 2019. Rosinter managed to increase its revenue by 24.7% in the second half of the year compared to the first half of 2020 by restoring its operations, improving operational efficiency and increasing sales of restaurants in city locations.

The situation is still difficult for restaurants located in airports and train stations due to restrictions caused by COVID-19. Some international airport terminals remain closed, and passenger traffic in active terminals and train stations has not been fully restored. This had a significant impact on Rosinter's revenue, since about 50% of the business comes from restaurants located at transportation hubs.

In 2020, Rosinter had the following priorities:

- revision of the financial model to significantly increase EBITDA. It resulted in implementing of a model that is financially sustainable even with the lower revenues anticipated in the post-pandemic period.

- significant update of Rosinter's concepts of the main restaurant brands, redesigning the service and guest communication standards, including the websites and visual brand identity. We especially focused on updating the menu, and improving the quality and presentation of the dishes. We reviewed the menu in terms of the cost of dishes, developed and introduced new high-quality, attractive and more affordable dishes, taking into account the current economic situation and the decrease in purchasing power of people. This allowed us to attract a new clientele, as well as to keep the regular customers who, thanks to the introduction of more affordable items, can feel comfortable in the current economic climate and not give up visiting their favorite restaurants.

- reaching agreements with landlords on discounts on rental rates linked to the 2019 revenue trend. Rental rates on some rental agreements were converted to a percentage of turnover, which had a significant impact on reducing the rent expenses. In addition, restaurants whose activity were suspended due to the pandemic (for example, restaurants located in terminals at Moscow airports that were closed) have had their lease payments suspended until they reopen. As a result, lease expenses in 2020 decreased by RUB 1,101 million.

- reduction of the cost of food and beverages by 1.6% as a percentage of the revenue (or by RUB 833.2 million), despite a significant increase in the prices of certain categories of food products in 2020 that have a significant place in the purchases of restaurants. The increase in the prices of food was due to a number of factors. The most significant impact was made by changes in the RUB/USD exchange rate, as well as the closure of exports from several countries as a result of the restrictive measures to prevent the spread of COVID-19, which created a certain shortage in the market.

The Company's operating efficiency significantly improved due to the measures we took, resulting in positive EBITDA before impairment and write-offs by the end of 2020.

The effectiveness of the measures taken is also confirmed by a growth of EBITDA in the restaurants in city locations: from 6.2% in 2019 to 17% in March 2021.

Despite the restaurant being closed and hardly any operational activity taking places during the lockdown, Rosinter continued to fulfill its payroll obligations to employees. This led to a 2.3% increase in the payroll in 2020 compared to 2019. As a result, the Company was able to retain more than 90% of its staff, which allowed it to quickly re-open the restaurants and ensure their continued operation after major restrictions were lifted.

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In 2020, Rosinter carried out a large-scale restructuring of its loan portfolio, which resulted in shifting most of its liabilities to long-term repayment (repayment in 5 years), as well as in lowering the interest rate on loans.

Rosinter is planning to re-open at least 95% of its chain restaurants in 2021, focusing on improving its financial performance and reducing the Company's debt burden.

The Company is planning to open several McDonald's fast food restaurants in transportation hubs during 2021 in accordance with the terms of the franchise agreement, to develop the sales (delivery) online channel and the "Honored Guest" loyalty program, and to enter markets in new regions through franchising.

We expect that the initiatives we are taking will allow Rosinter to re-gain the momentum in 2021 and implement new strategies to strengthen its position in the restaurant market."

2020 financial and operating results of the Company's performance

The table below contains comparative results under IFRS 16 and IAS 17, as the latter most reliably reflects the Company's performance.

(RUB) millions	12M 2020		12M 2019		% Изм.	12M 2020		12M 2019		% Изм.
	IAS 17	IAS	IAS 17	IAS		IFRS 16	IFRS 16	IFRS 16	IFRS 16	
Net revenue	3,928	100.0 %	7,732	100.0 %	(49.2)%	3,928	100.0 %	7,732	100.0 %	(49.2)%
<i>Incl. Revenue from restaurants</i>	3,770	96.0 %	7,450	96.4 %	(49.4)%	3,770	96.0 %	7,450	96.4 %	(49.4)%
<i>Incl. Revenue from franchising</i>	101	2.6 %	209	2.7 %	(51.7)%	101	2.6 %	209	2.7 %	(51.7)%
Cost of sales	3,609	91.9 %	6,677	86.4 %	(45.9)%	4,287	109.1 %	6,220	80.4 %	(31.1)%
<i>Incl. Food and beverages</i>	729	18.6 %	1,563	20.2 %	(53.3)%	729	18.6 %	1,563	20.2 %	(53.3)%
<i>Incl. Payroll and related taxes</i>	909	23.1 %	1,610	20.8 %	(43.6)%	909	23.1 %	1,610	20.8 %	(43.6)%
<i>Incl. Rent</i>	1,076	27.4 %	2,177	28.2 %	(50.6)%	169	4.3 %	81	1.0 %	110.3 %
Gross profit	319	8.1 %	1,055	13.6 %	(69.8)%	(359)	(9.1)%	1,512	19.6 %	(123.7)%
SG&A Expenses	860	21.9 %	814	10.5 %	5.6 %	888	22.6 %	809	10.5 %	9.8 %
Start-up expenses for restaurants	44	1.1 %	80	1.0 %	(45.6)%	44	1.1 %	80	1.0 %	(45.6)%
Other gains	49	1.3 %	19	0.2 %	158.7 %	1,249	31.8 %	18	0.2 %	7028.2 %
Other losses	74	1.9 %	83	1.1 %	(11.3)%	58	1.5 %	92	1.2 %	(36.3)%
<i>Incl. Loss on disposal of non-current assets</i>	62	1.6 %	53	0.7 %	16.6 %	47	1.2 %	62	0.8 %	(24.3)%
Loss from operating activities before impairment	(609)	(15.5)%	96	1.2 %	(733.7)%	(100)	(2.5)%	548	7.1 %	(118.3)%
Loss from impairment of operating assets	103	2.6 %	28	0.4 %	269.2 %	103	2.6 %	28	0.4 %	269.2 %
Loss from operating activities after impairment	(712)	(18.1)%	68	0.9 %	(1141.8)%	(203)	(5.2)%	521	6.7 %	(138.9)%
Financial expenses, net	514	13.1 %	446	5.8 %	15.3 %	1,292	32.9 %	1,306	16.9 %	(1.0)%
Foreign exchange (loss)/gain, net	5	0.1 %	6	0.1 %	-29.3%	(632)	(16.1)%	446	5.8 %	-241.6%
Loss before income tax	(1,221)	(31.1)%	(371)	(4.8)%	229.2 %	(2,127)	(54.1)%	(338)	(4.4)%	528.6 %
Income tax benefit/(expense)	115	2.9 %	(82)	(1.1)%	(240.0)%	292	7.4 %	(101)	(1.3)%	(389.4)%
Net loss	(1,106)	(28.2)%	(453)	(5.9)%	143.9 %	(1,835)	(46.7)%	(439)	(5.7)%	317.8 %
EBITDA before impairment and write-offs	0.3	-	480.3	6.2 %	(99.9)%	2,108.4	53.7 %	2,610.3	33.8 %	(25.6)%

The comments to the table are based on financial results adjusted to IAS 17

Consolidated revenue in 2020 amounted to RUB 3,928 million and decreased by 49.2% compared to 2019 as a result of the imposed by Government restrictive measures and lockdown in 1H 2020. The restaurants' revenue decreased by 49.4 percent compared to 2019.

Cost of sales increased by 5.5% in comparison to 2019 cost of sales (adjusted to IAS 17), mainly due to a 2.3% increase in the payroll expenses. All the figures were calculated as a percentage of the revenue. The Company managed to reduce the cost of food and beverages by 1.6% due to updating the menu and a 0.8% decrease in rent expenses.

Decrease in the gross profit ratio (adjusted to IAS 17) from 13.6% in 2019 to 8.1% in 2020 (the figures were calculated as a percentage of the revenue) was due to an increase in the payroll.

An 11.4% increase in the **selling, general and administrative expenses** (adjusted to IAS 17) (calculated as a percentage of the revenue) was due to increase in the allowance for expected credit losses.

The **start-up expenses for restaurant** decreased by 45.6% in 2020 compared to the same period in 2019, due to a decrease in the Company's investment projects.

Other income (adjusted to IAS 17) increased by 1.1% due to writing off the payables in 2020 and receiving state subsidies from the government to support the business activity. Other income amounted to RUB 1,249 million (under IFRS 16) due to lease discounts provided by lessors during the pandemic.

Other expenses insignificantly increased in 2020 compared to 2019 as a percentage of the revenue, due to an increase in the loss from the disposal of non-current assets.

Loss from impairment of operating assets increased to RUB 102.6 million in 2020, up from RUB 27.8 million in 2019. The Company made provisions for the potential closure for certain locations as the profitability forecast for them became worse up to unprofitability in 2021.

Net loss amounted to RUB 1,106 million in 2020 (adjusted to IAS 17) was caused by a drop in the revenue. Net loss under IFRS 16 was also caused by negative exchange rate differences amounted RUB 637 million related to the revaluation of foreign currency liabilities arising from lease agreements.

^[1] Revenue in accordance with IFRS is the consolidated revenue of the Rosinter Group calculated in accordance with international financial reporting standards (without VAT) and include sales of restaurants and corporate cafes, as well as revenue from subleasing premises, revenue from franchising operations and other components.

^[2] EBITDA is calculated by adding back depreciation and amortization to profit from operating activities after impairment. EBITDA measures are not measurements of our operating performance under IFRS and should not be considered as an alternative to profit for the year, operating profit or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities or as a measure of our liquidity. Our approach to calculating EBITDA may differ from the approach of other companies.

^[3] Adjusted figures – financial indicators were corrected on the effect from the adoption of the new IFRS 16 “Lease” for comparability of previous periods data, as IFRS 16 applied in the first time from 1 January 2019 and comparable information didn't revised.

Some information in this review based on "forward-looking statements" which include all statements other than statements of historical fact. Such forward-looking statements can often be identified by words such as “plans”, “believes”, “anticipates”, “expects”, “intends”, “estimates”, “will”, “may”, “continue”, “should” and similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's and/or its Management control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These forward-looking statements speak only as at the date as of which they are made, and the Company and/or its Management does not intend and has no duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained herein to reflect any change in the Company's and/or its Management expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. The information and opinions contained in this review are provided as at the date of this review and are subject to change by the Company's own discretion without notice of any kind and form.

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Investors and analysts enquiries:

Alexey Shorohov
CFO

IR@rosinter.ru

Press enquiries:

Tatyana Zotova
Director PR

tzotova@rosinter.ru

Tel.: +7 495 788 44 88 ext. 1560

Note to Editors:

As of the end of 2020, PJSC Rosinter Restaurants Holding is the leading restaurant company in Russia and the CIS, which operates 229 retail outlets in 27 cities of Russia, the CIS and Central Europe, including the Baltic States. The chain has 137 corporate restaurants and 92 franchised restaurants. The company develops its own brands IL Patio, Planet Sushi, Shikari, American Bar and Grill, MamaRasha, and also operates under franchise agreements a chain of American restaurants TGI FRIDAYSTM and a chain of British coffee shops Costa Coffee. In March 2012, Razvitie ROST LLC (a subsidiary of Rosinter Restaurants Holding) acquired the right to develop the McDonald's brand on a franchise basis in the transport hubs of Moscow and St. Petersburg.

Rosinter Restaurants Holding is listed on the Moscow Exchange MICEX-RTS (www.moex.com) under the stock ticker ROST.

Company site: www.rosinter.com

APPENDIX

Consolidated statement of financial position

At December 31, 2020

(All amounts are in thousands of Russian roubles, unless specified otherwise)

	Notes	December 31, 2020	December 31, 2019
ASSETS			
Non-current assets			
Property and equipment	6	2,228,728	2,506,940
Right-of-use assets	7	4,917,218	6,279,995
Intangible assets	8	488,161	570,317
Goodwill	9	143,137	143,137
Long-term loans due from related parties	10	6,600	6,600
Deferred income tax asset	11	781,356	337,241
Rent deposits and other non-current assets		217,570	170,235
		8,782,770	10,014,465
Current assets			
Inventories	12	107,685	151,649
VAT and other taxes recoverable		64,818	62,997
Income tax receivable		7,381	5,447
Trade and other receivables	13	277,344	174,772
Advances issued	14	273,396	293,362
Receivables from related parties	10	64,105	149,043
Short-term loans		140	1,700
Short-term loans due from related parties	10	17,121	14,415
Cash and cash equivalents	15	74,026	149,773
		886,016	1,003,158
TOTAL ASSETS		9,668,786	11,017,623
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent entity			
Share capital	16	2,767,015	2,767,015
Additional paid-in capital	16	1,885,685	1,885,061
Treasury shares	16	(35,969)	(39,841)
Other capital reserves		261	706
Accumulated losses		(7,306,948)	(5,471,917)
Translation difference		(413,586)	(427,563)
		(3,103,542)	(1,286,539)
Non-controlling interests		2,333	2,680
		(3,101,209)	(1,283,859)
Non-current liabilities			
Long-term loans and borrowings	18	3,694,198	3,560,355
Long-term lease obligation	19	4,526,721	4,976,411
Long-term debt due to related parties	10	47,471	10,965
Deferred income tax liabilities	11	346,330	201,307
		8,614,720	8,749,038
Current liabilities			
Trade and other payables	21	1,870,924	1,489,038
Short-term loans and borrowings	18	898,711	730,524
Short-term lease obligations	19	1,302,620	1,227,950
Payables to related parties	10	30,986	13,736
Short-term loans due to related parties	10	–	30,119
Short-term liabilities to partners	20	–	256
Deferred income		–	4,036
Income tax payable		52,034	56,785
		4,155,275	3,552,444
TOTAL EQUITY AND LIABILITIES		9,668,786	11,017,623

Consolidated statement of profit or loss

For the year ended December 31, 2020

(All amounts are in thousands of Russian roubles, unless specified otherwise)

	Notes	2020	2019
Revenue	22	3,928,265	7,731,627
Cost of sales	23	(4,287,024)	(6,220,061)
Gross (loss)/profit		(358,759)	1,511,566
Selling, general and administrative expenses	24	(888,188)	(808,912)
Start-up expenses for restaurants		(43,611)	(80,139)
Other gains	25	1,248,722	17,518
Other losses	25	(58,316)	(91,553)
(Loss)/profit from operating activities before impairment		(100,152)	548,480
Loss from impairment of operating assets	26	(102,636)	(27,802)
(Loss)/profit from operating activities after impairment		(202,788)	520,678
Financial income	27	432	1,319
Financial expense	27	(1,292,462)	(1,306,899)
Foreign exchange (loss)/gain, net		(632,230)	446,409
Loss before income tax		(2,127,048)	(338,493)
Income tax benefit/(expense)	11	292,120	(100,950)
Net loss for the year		(1,834,928)	(439,443)
Attributable to:			
Equity holders of the parent entity		(1,835,031)	(440,317)
Non-controlling interests		103	874
Loss per share	17		
Basic, loss per share, roubles		(112.93)	(27.31)
Diluted, loss per share, roubles		(112.88)	(27.27)

Consolidated statement of cash flows

For the year ended December 31, 2020

(All amounts are in thousands of Russian roubles, unless specified otherwise)

	Notes	2020	2019
Operating activities			
Loss before tax		(2,127,048)	(338,493)
<i>Adjustments to reconcile loss before tax to net cash provided by operating activities:</i>			
Depreciation and amortization	23, 24	1,994,431	2,000,297
Foreign exchange loss/(gain), net		632,230	(446,409)
Financial income	27	(432)	(1,319)
Financial expense	27	1,292,462	1,306,899
Increase/(decrease) in the allowance for expected credit losses of advances paid, taxes recoverable and receivables	24	169,220	(18,941)
(Reversal of)/allowance for impairment of inventories to net realisable value	12	(4,044)	10,951
Loss on disposal of operating assets	25	46,536	61,500
Loss from impairment of assets	26	102,636	27,802
Write-off of trade and other payables	25	(14,618)	(1,511)
Reversal of provision for contingent claims	25	–	(8,429)
Share-based payment benefit	28	(5,588)	(4,276)
Discounts on lease payment	25	(1,199,520)	–
		886,265	2,588,071
<i>Changes in operating assets and liabilities:</i>			
Decrease in inventories		49,528	37,836
(Increase)/decrease in advances, taxes recoverable, receivables, rent deposits and other non-current assets		(65,176)	437,093
Decrease in receivables from related parties		9,672	10,569
Increase in payables to related parties		16,523	2,441
Increase in trade and other payables		16,087	96,156
Net cash generated from operations		912,899	3,172,166
Interest paid		(877,214)	(1,254,744)
Interest received		339	154
Income tax paid		(23,616)	(41,256)
Net cash flows generated from operating activities		12,408	1,876,320
Investing activities			
Purchases of property and equipment		(181,820)	(913,030)
Issuance of loans to third parties		–	(7,540)
Purchase of intangible assets		(10,971)	(89,478)
Issuance of loans to related parties		–	(8,233)
Proceeds from disposal of property and equipment		3,219	3,210
Proceeds from repayment of loans issued to third parties		1,560	2,400
Net cash flows used in investing activities		(188,012)	(1,012,671)

Consolidated statement of cash flows (continued)

(All amounts are in thousands of Russian roubles, unless specified otherwise)

	Notes	2020	2019
Financing activities			
Proceeds from bank loans		853,976	735,107
Repayment of bank loans		(629,472)	(579,043)
Proceeds from third party loan		-	200,000
Repayment of related party loans		(4,000)	(104,144)
Proceeds from related party loans		4,000	133,841
Repayment of lease liabilities	19	(130,679)	(1,271,771)
Sale of treasury shares	16	4,496	24,340
Dividends paid to shareholders		(392)	(783)
Net cash flows generated from/(used in) financing activities		97,929	(862,453)
Effect of exchange rate on cash and cash equivalents		1,928	192
Net (decrease)/increase in cash and cash equivalents		(75,747)	1,388
Cash and cash equivalents at beginning of the year		149,773	148,385
Cash and cash equivalents at end of the year		74,026	149,773